



HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2006  
OF THE CONDITION AND AFFAIRS OF THE

MCare

NAIC Group Code 3414 3414 NAIC Company Code 95449 Employer's ID Number 38-2649504  
(Current) (Prior)

Organized under the Laws of , State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [ X ] No [ ]

Incorporated/Organized 01/01/1986 Commenced Business 10/01/1986

Statutory Home Office 2301 Commonwealth Blvd. Ann Arbor , MI 48105  
(Street and Number) (City or Town, State and Zip Code)

Main Administrative Office 2301 Commonwealth Blvd. Ann Arbor , MI 48105 734-747-8700  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Mail Address 2301 Commonwealth Blvd. Ann Arbor , MI 48105  
(Street and Number or P.O. Box) (City or Town, State and Zip Code)

Primary Location of Books and Records 2301 Commonwealth Blvd. Ann Arbor , MI 48105 734-747-8700  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.mcare.org

Statutory Statement Contact Susan M Agnew 734-332-2500  
(Name) (Area Code) (Telephone Number)  
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Policyowner Relations Contact 2301 Commonwealth Blvd. Ann Arbor , MI 48105 734-747-8700  
(Street and Number) (City or Town, State and Zip Code) (Area Code) (Telephone Number)

OFFICERS

President Zelda Geyer-Sylvia Actuary Gregory A. Hawkins

Secretary/Treasurer Douglas L. Strong

OTHER

DIRECTORS OR TRUSTEES		
James R. Dietz	Zelda Geyer-Sylvia	Sally Joy
Robert P. Kelch M.D.	Jean M. Malouin M.D.	Theresa M. Wherrett
Timothy P. Slottow	Douglas L. Strong	Sally A. York
James O. Wooliscroft M.D.	Darrell A. Campbell Jr., M.D.	

State of Michigan SS:

County of Washtenaw

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Zelda Geyer-Sylvia Douglas L. Strong  
President Secretary/Treasurer

Subscribed and sworn to before me this day of

a. Is this an original filing? Yes [ X ] No [ ]  
b. If no,  
1. State the amendment number.....  
2. Date filed 05/15/2006  
3. Number of pages attached.....

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE				
ASSETS				
	Current Statement Date			4
	1	2	3	
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Prior Year Net Admitted Assets
1. Bonds .....	1,150,949		1,150,949	1,143,725
2. Stocks:				
2.1 Preferred stocks .....			0	0
2.2 Common stocks .....	56,106,274		56,106,274	54,354,184
3. Mortgage loans on real estate:				
3.1 First liens .....			0	0
3.2 Other than first liens.....			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ ..... encumbrances) .....			0	0
4.2 Properties held for the production of income (less \$ ..... encumbrances) .....			0	0
4.3 Properties held for sale (less \$ ..... encumbrances) .....			0	0
5. Cash (\$ .....(5,659,827) ), cash equivalents (\$ .....11,113,164 ), and short-term investments (\$ .....60,066,901 ) .....	65,520,238		65,520,238	63,551,279
6. Contract loans, (including \$ ..... premium notes) .....			0	0
7. Other invested assets .....	2,805,190		2,805,190	2,036,712
8. Receivables for securities .....			0	0
9. Aggregate write-ins for invested assets .....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9) .....	125,582,651	0	125,582,651	121,085,900
11. Title plants less \$ ..... charged off (for Title insurers only) .....			0	0
12. Investment income due and accrued .....	599,185		599,185	657,744
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection .....	211,426	151,187	60,239	3,638,535
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ ..... earned but unbilled premiums) .....	0		0	0
13.3 Accrued retrospective premiums .....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			0	0
14.2 Funds held by or deposited with reinsured companies .....			0	0
14.3 Other amounts receivable under reinsurance contracts .....			0	0
15. Amounts receivable relating to uninsured plans .....			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			0	0
16.2 Net deferred tax asset .....			0	0
17. Guaranty funds receivable or on deposit .....			0	0
18. Electronic data processing equipment and software .....	5,080,306	4,418,126	662,180	575,568
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....	233,561	233,561	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			0	0
21. Receivables from parent, subsidiaries and affiliates .....	1,130,465		1,130,465	341,866
22. Health care (\$ ..... ) and other amounts receivable .....			0	0
23. Aggregate write-ins for other than invested assets .....	5,219,000	5,219,000	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) .....	138,056,594	10,021,874	128,034,720	126,299,613
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts .....			0	0
26. Total (Lines 24 and 25)	138,056,594	10,021,874	128,034,720	126,299,613
<b>DETAILS OF WRITE-INS</b>				
0901. ....				
0902. ....				
0903. ....				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above) .....	0	0	0	0
2301. Improvements in Progress .....	0		0	0
2302. Leasehold improvements .....	586,595	586,595	0	0
2303. Prepaid Expenses .....	4,632,405	4,632,405	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page .....	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above) .....	5,219,000	5,219,000	0	0

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ ..... reinsurance ceded) .....	30,801,779		30,801,779	35,008,751
2. Accrued medical incentive pool and bonus amounts .....	7,773,482		7,773,482	10,843,572
3. Unpaid claims adjustment expenses .....	908,833		908,833	908,833
4. Aggregate health policy reserves .....			0	0
5. Aggregate life policy reserves .....			0	0
6. Property/casualty unearned premium reserve .....			0	0
7. Aggregate health claim reserves .....			0	0
8. Premiums received in advance .....	10,738,454		10,738,454	8,342,929
9. General expenses due or accrued .....	3,589,761		3,589,761	4,060,811
10.1 Current federal and foreign income tax payable and interest thereon (including \$ ..... on realized gains (losses)) .....			0	0
10.2 Net deferred tax liability .....			0	0
11. Ceded reinsurance premiums payable .....			0	0
12. Amounts withheld or retained for the account of others .....			0	0
13. Remittances and items not allocated .....			0	0
14. Borrowed money (including \$ ..... current) and interest thereon \$ ..... (including \$ ..... current) .....			0	0
15. Amounts due to parent, subsidiaries and affiliates .....			0	0
16. Payable for securities .....			0	0
17. Funds held under reinsurance treaties (with \$ ..... authorized reinsurers and \$ ..... unauthorized reinsurers) .....			0	0
18. Reinsurance in unauthorized companies .....			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates .....			0	0
20. Liability for amounts held under uninsured plans .....			0	0
21. Aggregate write-ins for other liabilities (including \$ ..... current) .....	0	0	0	0
22. Total liabilities (Lines 1 to 21) .....	53,812,309	0	53,812,309	59,164,896
23. Aggregate write-ins for special surplus funds .....	XXX	XXX	0	0
24. Common capital stock .....	XXX	XXX		
25. Preferred capital stock .....	XXX	XXX		
26. Gross paid in and contributed surplus .....	XXX	XXX	0	0
27. Surplus notes .....	XXX	XXX	2,831,446	2,831,446
28. Aggregate write-ins for other than special surplus funds .....	XXX	XXX	0	0
29. Unassigned funds (surplus) .....	XXX	XXX	71,390,965	64,303,271
30. Less treasury stock, at cost:				
30.1 ..... shares common (value included in Line 24 \$ ..... ) .....	XXX	XXX		
30.2 ..... shares preferred (value included in Line 25 \$ ..... ) .....	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30) .....	XXX	XXX	74,222,411	67,134,717
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	128,034,720	126,299,613
DETAILS OF WRITE-INS				
2101. ....				
2102. ....				
2103. ....				
2198. Summary of remaining write-ins for Line 21 from overflow page .....	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198)(Line 21 above)	0	0	0	0
2301. ....	XXX	XXX		
2302. ....	XXX	XXX		
2303. ....	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page .....	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	XXX	XXX	0	0
2801. ....	XXX	XXX		
2802. ....	XXX	XXX		
2803. ....	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page .....	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898)(Line 28 above)	XXX	XXX	0	0

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months .....	XXX	509,623	548,208
2. Net premium income ( including \$ ..... non-health premium income) .....	XXX	115,518,278	115,053,740
3. Change in unearned premium reserves and reserve for rate credits .....	XXX		
4. Fee-for-service (net of \$ ..... medical expenses) .....	XXX		
5. Risk revenue .....	XXX		
6. Aggregate write-ins for other health care related revenues .....	XXX	0	0
7. Aggregate write-ins for other non-health revenues .....	XXX	0	0
8. Total revenues (Lines 2 to 7) .....	XXX	115,518,278	115,053,740
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits .....		83,749,206	82,561,654
10. Other professional services .....			
11. Outside referrals .....			
12. Emergency room and out-of-area .....		544,883	502,045
13. Prescription drugs .....		11,672,848	15,078,502
14. Aggregate write-ins for other hospital and medical .....	0	6,715,346	6,345,328
15. Incentive pool, withhold adjustments and bonus amounts .....		1,142,542	665,236
16. Subtotal (Lines 9 to 15) .....	0	103,824,825	105,152,765
<b>Less:</b>			
17. Net reinsurance recoveries .....			
18. Total hospital and medical (Lines 16 minus 17) .....	0	103,824,825	105,152,765
19. Non-health claims (net) .....			
20. Claims adjustment expenses, including \$ ..... cost containment expenses .....		873,943	829,126
21. General administrative expenses .....		7,480,985	7,512,742
22. Increase in reserves for life and accident and health contracts (including \$ ..... increase in reserves for life only) .....			
23. Total underwriting deductions (Lines 18 through 22) .....	0	112,179,753	113,494,633
24. Net underwriting gain or (loss) (Lines 8 minus 23) .....	XXX	3,338,525	1,559,107
25. Net investment income earned .....		1,149,955	853,343
26. Net realized capital gains (losses) less capital gains tax of \$ ..... .....		(7,277)	(74,384)
27. Net investment gains (losses) (Lines 25 plus 26) .....	0	1,142,678	778,959
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ ..... ) (amount charged off \$ ..... )] .....			
29. Aggregate write-ins for other income or expenses .....	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29) .....	XXX	4,481,203	2,338,066
31. Federal and foreign income taxes incurred .....	XXX	0	
32. Net income (loss) (Lines 30 minus 31) .....	XXX	4,481,203	2,338,066
<b>DETAILS OF WRITE-INS</b>			
0601. ....	XXX		
0602. ....	XXX		
0603. ....	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page .....	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698)(Line 6 above) .....	XXX	0	0
0701. ....	XXX		
0702. ....	XXX		
0703. ....	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page .....	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798)(Line 7 above) .....	XXX	0	0
1401. Durable Medical Equipment and Other .....		4,293,813	3,766,281
1402. Mental Health .....		2,421,533	2,579,047
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page .....	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498)(Line 14 above) .....	0	6,715,346	6,345,328
2901. ....			
2902. ....			
2903. ....			
2998. Summary of remaining write-ins for Line 29 from overflow page .....	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998)(Line 29 above) .....	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year.....	67,134,717	62,491,476	62,491,476
34. Net income or (loss) from Line 32 .....	4,481,203	2,338,066	14,973,159
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....	2,146,395	(933,281)	(4,014,953)
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	460,096	(4,319,233)	(5,314,965)
40. Change in unauthorized reinsurance .....	0	0	0
41. Change in treasury stock .....	0	0	0
42. Change in surplus notes .....	0	(500,000)	(1,000,000)
43. Cumulative effect of changes in accounting principles.....		0	
44. Capital Changes:			
44.1 Paid in .....	0	0	0
44.2 Transferred from surplus (Stock Dividend).....	0	0	0
44.3 Transferred to surplus.....			
45. Surplus adjustments:			
45.1 Paid in .....	0	0	0
45.2 Transferred to capital (Stock Dividend) .....			
45.3 Transferred from capital .....			0
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	0	0	0
48. Net change in capital & surplus (Lines 34 to 47) .....	7,087,694	(3,414,448)	4,643,241
49. Capital and surplus end of reporting period (Line 33 plus 48)	74,222,411	59,077,028	67,134,717
DETAILS OF WRITE-INS			
4701. 0 .....			0
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....	0	0	0
4799. Totals (Lines 4701 through 4703 plus 4798)(Line 47 above)	0	0	0

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance .....	121,399,938	461,147,068
2. Net investment income .....	1,210,948	3,920,628
3. Miscellaneous income .....	0	0
4. Total (Lines 1 to 3) .....	122,610,886	465,067,696
5. Benefit and loss related payments .....	111,101,887	428,758,108
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts .....		
7. Commissions, expenses paid and aggregate write-ins for deductions .....	8,093,488	34,456,452
8. Dividends paid to policyholders .....		
9. Federal and foreign income taxes paid (recovered) \$ ..... net of tax on capital gains (losses) .....	0	0
10. Total (Lines 5 through 9) .....	119,195,375	463,214,560
11. Net cash from operations (Line 4 minus Line 10) .....	3,415,511	1,853,136
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds .....	0	153,798
12.2 Stocks .....	0	9,847,905
12.3 Mortgage loans .....	0	0
12.4 Real estate .....	0	0
12.5 Other invested assets .....	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments .....	(7,277)	0
12.7 Miscellaneous proceeds .....	0	581,810
12.8 Total investment proceeds (Lines 12.1 to 12.7) .....	(7,277)	10,583,513
13. Cost of investments acquired (long-term only):		
13.1 Bonds .....	9,659	328,868
13.2 Stocks .....	374,172	19,898,951
13.3 Mortgage loans .....	0	0
13.4 Real estate .....	0	0
13.5 Other invested assets .....	732,490	0
13.6 Miscellaneous applications .....	0	67,821
13.7 Total investments acquired (Lines 13.1 to 13.6) .....	1,116,321	20,295,640
14. Net increase (or decrease) in contract loans and premium notes .....	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) .....	(1,123,598)	(9,712,127)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes .....	0	(1,000,000)
16.2 Capital and paid in surplus, less treasury stock .....	0	0
16.3 Borrowed funds .....	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities .....	0	0
16.5 Dividends to stockholders .....	0	0
16.6 Other cash provided (applied) .....	(322,954)	(3,477,760)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) .....	(322,954)	(4,477,760)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) .....	1,968,959	(12,336,751)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year .....	63,551,279	75,888,030
19.2 End of period (Line 18 plus Line 19.1) .....	65,520,238	63,551,279

Note: Supplemental disclosures of cash flow information for non-cash transactions:		
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.....		
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EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1  Total	Comprehensive (Hospital & Medical)		4  Medicare Supplement	5  Vision Only	6  Dental Only	7  Federal Employees Health Benefit Plan	8  Title XVIII Medicare	9  Title XIX Medicaid	10  Stop Loss	11  Disability Income	12  Long-Term Care	13  Other
		2  Individual	3  Group										
Total Members at end of:													
1. Prior Year .....	180,882	333	172,745	0	0	0	7,804	0	0	0	0	0	0
2. First Quarter .....	169,682	319	161,730				7,633						
3. Second Quarter .....	0												
4. Third Quarter .....	0												
5. Current Year	0												
6. Current Year Member Months	509,623	957	485,365				23,301						
Total Member Ambulatory Encounters for Period:													
7. Physician .....	267,738		267,738										
8. Non-Physician .....	125,293		125,293										
9. Total	393,031	0	393,031	0	0	0	0	0	0	0	0	0	0
10. Hospital Patient Days Incurred	8,676		8,676										
11. Number of Inpatient Admissions	2,459		2,459										
12. Health Premiums Written .....	115,664,401	0	109,880,420				5,783,981						
13. Life Premiums Direct .....	0												
14. Property/Casualty Premiums Written .....	0												
15. Health Premiums Earned .....	115,518,278	0	109,734,297				5,783,981						
16. Property/Casualty Premiums Earned .....	0												
17. Amount Paid for Provision of Health Care Services.....	111,101,887	0	108,531,810				2,570,077						
18. Amount Incurred for Provision of Health Care Services	103,824,825	0	101,260,971				2,563,854						

## CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT

ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical) .....	25,367,011	78,952,167	8,900,354	21,427,925	34,267,365	34,688,115
2. Medicare Supplement .....					0	0
3. Dental Only .....					0	0
4. Vision Only .....					0	0
5. Federal Employees Health Benefits Plan .....	831,976	1,738,101	159,087	1,223,246	991,063	1,229,469
6. Title XVIII - Medicare .....					0	0
7. Title XIX - Medicaid .....					0	0
8. Other health .....					0	0
9. Health subtotal (Lines 1 to 8) .....	26,198,987	80,690,268	9,059,441	22,651,171	35,258,428	35,917,584
10. Healthcare receivables (a) .....					0	0
11. Other non-health .....					0	0
12. Medical incentive pools and bonus amounts .....	4,212,632		6,836,395	937,087	11,049,027	10,843,572
13. Totals	30,411,619	80,690,268	15,895,836	23,588,258	46,307,455	46,761,156

(a) Excludes \$ loans or advances to providers not yet expensed.

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

## **NOTES TO FINANCIAL STATEMENTS**

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THE UNIVERSITY OF MICHIGAN  
M-CARE

**Notes to Statutory Filing**  
December 31, 2005 and 2004

**Note 1—Operations and Summary of Significant Accounting Policies**

Organization and Basis of Presentation: The Regents of The University of Michigan (the “University”) have the ultimate responsibility for M-CARE (the “Corporation”) and its wholly-owned subsidiaries, M-CAID and Michigan Health Insurance Company (“MHIC”). The Corporation uses the equity method and reports subsidiaries at their respective statutory equity amount. As part of the University, the financial statements of the Corporation are included in the University’s combined financial statements.

M-CARE and M-CAID are tax-exempt under the provisions of section 501(c)(4) of the Internal Revenue Code. M-CARE was formed as a nonprofit health maintenance organization (“HMO”) in 1986 by the University to offer managed healthcare services to the employees of the University and other employers in Southeast Michigan. M-CAID was formed in 2003 to separate Medicaid HMO operations and financing from M-CARE. MHIC was formed on February 20, 2004 for the purpose of expanding the Corporation’s product lines to include insured and self funded preferred provider organization (“PPO”) products. As a commercial health insurance carrier, MHIC does not qualify for tax exemption and is subject to income taxes. Sales of the PPO product began in April 2004. The Corporation is regulated and licensed by the National Association of Insurance Commissioners and the State of Michigan Office of Financial and Insurance Services (“OFIS”), and must submit periodic filings to both entities under rules promulgated by the State of Michigan. MHIC and M-CAID are reported on the equity method.

The Corporation arranges for healthcare services to be provided through the University of Michigan Health System (the “UMHS”) and a comprehensive network of community hospitals, physicians, and other healthcare providers. The Corporation is a wholly-owned subsidiary of the University and is one of four University units that together comprise the UMHS. Along with the Corporation, the UMHS includes the University of Michigan Hospitals and Health Centers, the University of Michigan Medical School, and Michigan Health Corporation.

Summary of Significant Accounting Practices: The financial statements have been prepared in accordance with the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures* manual except to the extent that the laws of the State of Michigan differ. The State of Michigan adopted codification guidance effective January 1, 2003 with order number 05-056-M, which allows entities to transition into codification if there is a significant financial impact. The Corporation was not impacted significantly by adopting codification and adopted it in full in January 1, 2003. Therefore, there are no significant differences between NAIC statutory accounting practices and the laws of the State of Michigan in the Corporation’s financial statements.

Use of Estimates: The preparation of financial statements in conformity with the *Annual Statement Instructions* and *Accounting Practices and Procedures Manual* requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires

## STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Policy: Premium revenues are recognized as revenue in the period in which the member is entitled to service. Premiums collected prior to the effective date of coverage are classified as unearned subscription income. The Corporation contracts with various health care providers for the provision of medical care services to its subscribers. The Corporation compensates providers under capitation and fee-for-service arrangements. Expenses for health care services are accrued as they are rendered, including an estimate of claims unpaid.

In addition, the Corporation uses the following accounting policies:

*Cash and Short-Term Investments:* Cash and short-term investments include investments with maturities of less than one year at the date of acquisition. Short term investments are stated at amortized cost.

*Investments:* Bonds are stated at amortized cost using the effective yield method.

Investments in marketable securities are carried at fair value, the amount for which a marketable security may be bought or sold in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value is reflected in the quoted market prices provided by organized securities exchanges and markets.

Realized gains and losses are recognized in operations at the date of sale. A realized gain or loss represents the difference between the net sale proceeds received on the sale of a security and the security's historical cost. If the investment security is a bond, historical cost is the amount paid at acquisition adjusted by accumulated bond amortization or accretion.

The Corporation uses the equity method to report investments in affiliates and reports subsidiaries at their respective statutory equity amount.

*Equipment and Improvements:* Equipment and improvements are stated at cost. Depreciation of furniture and equipment and amortization of improvements are calculated on the straight-line basis over the estimated useful lives of the assets.

*Trust Accounts:* As a condition of licensure with the State of Michigan, the Corporation has a statutory trust to maintain restricted funds for the sole benefit of the Corporation's members in the case of insolvency. These funds, which can be used only at the direction of the Insurance Commissioner in accordance with statutory provisions, are invested with JPMorgan Institutional Trust Services. Interest earned on these funds accrue to, and can be utilized by, the Corporation. As of December 31, 2005 and 2004, the Corporation had reached the required maximum balance of \$1,000,000.

*Health Liability:* Claims unpaid, accrued medical incentive pool, and unpaid claims adjustment expenses represent management's best estimate of ultimate costs of all reported and unreported claims incurred through December 31. The liability for claims unpaid and unpaid adjustment expenses are estimated using individual case-basis valuations, statistical analyses and prior experience adjusted for current trends. Those estimates are subject to the effects of trends in cost and utilization of health care services. Although considerable variability is inherent in such estimates, management believes

that the liability for claims unpaid and unpaid adjustment expenses is adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

**Note 2 – Accounting Changes and Corrections of Errors**

No changes since the 12/31/2005 filing.

**Note 3 – Business Combinations and Goodwill**

No changes since the 12/31/2005 filing.

**Note 4 – Discontinued Operations**

No changes since the 12/31/2005 filing.

**Note 5 – Investments**

No changes since the 12/31/2005 filing.

**Note 6 – Joint Ventures, Partnerships and Limited Liability Companies**

No changes since the 12/31/2005 filing.

**Note 7 – Investment Income**

No changes since the 12/31/2005 filing.

**Note 8 – Derivative Instruments**

No changes since the 12/31/2005 filing.

**Note 9 – Income Taxes**

No changes since the 12/31/2005 filing.

**Note 10 – Information Concerning Parent, Subsidiaries and Affiliates**

No changes since the 12/31/2005 filing.

**Note 11 – Debt: Surplus Note Payable**

No changes since the 12/31/2005 filing.

**Note 12 – Retirement Plan, Postemployment Benefits**

No changes since the 12/31/2005 filing.

**Note 13 – Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations**

The Corporation is wholly owned by the University. There are no shares of stock authorized or issued. The Corporation owns 10,000 shares of common stock of MHIC a wholly owned subsidiary.

There were no restrictions placed on the Corporation’s unassigned funds (surplus). The Corporation has a surplus note payable, which is discussed in Note 11.

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

Unrealized gains and losses:	\$2,146,000
Nonadmitted assets:	\$460,000
Separate account business:	\$0
Asset valuation reserves:	\$0
Reinsurance in unauthorized companies:	\$0

The Corporation has not been involved in a quasi-reorganization during 2006 or 2005.

**Note 14 – Contingencies**

No changes since the 12/31/2005 filing.

**Note 15 – Leases**

No changes since the 12/31/2005 filing.

**Note 16 – Financial Instruments with Off - Balance Sheet Risk**

No changes since the 12/31/2005 filing.

**Note 17 – Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities**

No changes since the 12/31/2005 filing.

**Note 18 – Gain or Loss from Uninsured Plans**

No changes since the 12/31/2005 filing.

**Note 19 – Direct Premium Written / Produced by Managing General Agents / Third Party Administrators**

No changes since the 12/31/2005 filing.

**Note 20 – September 11 Events**

No changes since the 12/31/2005 filing.

**Note 21 – Other Items**

No changes since the 12/31/2005 filing.

**Note 22 – Events Subsequent**

No changes since the 12/31/2005 filing.

**Note 23 – Reinsurance**

No changes since the 12/31/2005 filing.

**Note 24 – Retrospectively Rated Contracts and Contracts Subject to Redetermination**

No changes since the 12/31/2005 filing.

**Note 25 – Change in Incurred Claims and Claim Adjustment Expenses**

No changes since the 12/31/2005 filing.

**Note 26 – Intercompany Pooling Arrangements**

No changes since the 12/31/2005 filing.

**Note 27 – Structured Settlements**

No changes since the 12/31/2005 filing.

**Note 28 – Health Care Receivables**

No changes since the 12/31/2005 filing.

**Note 29 – Participating Policies**

No changes since the 12/31/2005 filing.

**Note 30 – Premium Deficiency Reserves**

No changes since the 12/31/2005 filing.

**Note 31 – Anticipated Salvage and Subrogation**

No changes since the 12/31/2005 filing.

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? .....

Yes [ ☐ ] No [ ☒ ]
- 1.2

If yes, has the report been filed with the domiciliary state? .....

Yes [ ☐ ] No [ ☐ ]
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? .....

Yes [ ☐ ] No [ ☒ ]
- 2.2

If yes, date of change: .....
3.

Have there been any substantial changes in the organizational chart since the prior quarter end? .....

Yes [ ☐ ] No [ ☒ ]

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? .....

Yes [ ☐ ] No [ ☒ ]
- 4.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....
.....	.....	.....

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? .....

Yes [ ☐ ] No [ ☒ ] N/A [ ☐ ]

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made. ....

12/31/2003
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. ....

12/31/2003
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). ....

06/30/2005
- 6.4

By what department or departments?  
OFIS
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? .....

Yes [ ☐ ] No [ ☒ ]
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? .....

Yes [ ☐ ] No [ ☒ ]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms? .....

Yes [ ☐ ] No [ ☒ ]
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....



GENERAL INTERROGATORIES

FINANCIAL

- 9.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? ..... Yes [ X ] No [ ]
- 9.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: .....\$ .....1,130,465

INVESTMENT

- 10.1 Has there been any change in the reporting entity's own preferred or common stock? ..... Yes [ ] No [ X ]
- 10.2 If yes, explain:
- 11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) ..... Yes [ ] No [ X ]
- 11.2 If yes, give full and complete information relating thereto:
12. Amount of real estate and mortgages held in other invested assets in Schedule BA: .....\$ .....
13. Amount of real estate and mortgages held in short-term investments: .....\$ .....
- 14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? ..... Yes [ X ] No [ ]
- 14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Statement Value
14.21 Bonds .....	\$ .....	\$ .....
14.22 Preferred Stock .....	\$ .....	\$ .....
14.23 Common Stock .....	\$ .....12,580,801	\$ .....12,291,021
14.24 Short-Term Investments .....	\$ .....	\$ .....
14.25 Mortgage Loans on Real Estate .....	\$ .....	\$ .....
14.26 All Other .....	\$ .....2,036,712	\$ .....2,805,190
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ .....14,617,513	\$ .....15,096,211
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ .....	\$ .....

- 15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? ..... Yes [ ] No [ X ]
- 15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? ..... Yes [ ] No [ ]  
If no, attach a description with this statement.
16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? ..... Yes [ X ] No [ ]
- 16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address
Mellon Bank .....	135 Santilli Hwy., Everett, MA 02149 .....

- 16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)
.....	.....	.....
.....	.....	.....

- 16.3 Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter? ..... Yes [ ] No [ X ]
- 16.4 If yes, give full information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason
.....	.....	.....	.....
.....	.....	.....	.....

- 16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address
.....	.....	.....
.....	.....	.....

- 17.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? ..... Yes [ X ] No [ ]
- 17.2 If no, list exceptions:

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

**SCHEDULE A - VERIFICATION**

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....		
2. Increase (decrease) by adjustment .....		
3. Cost of acquired .....		
4. Cost of additions to and permanent improvements .....		
5. Total profit (loss) on sales .....		
6. Increase (decrease) by foreign exchange adjustment .....		
7. Amount received on sales .....		
8. Book/adjusted carrying value at end of current period .....		
9. Total valuation allowance .....		
10. Subtotal (Lines 8 plus 9) .....		
11. Total nonadmitted amounts .....		
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

**SCHEDULE B - VERIFICATION**

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year .....		
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions .....		
2.2. Additional investment made after acquisitions .....		
3. Accrual of discount and mortgage interest points and commitment fees .....		
4. Increase (decrease) by adjustment .....		
5. Total profit (loss) on sale .....		
6. Amounts paid on account or in full during the period .....		
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange adjustment .....		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....		
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....		
12. Total nonadmitted amounts .....		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

**SCHEDULE BA - VERIFICATION**

Other Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year .....	2,036,712	2,058,471
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions .....		
2.2. Additional investment made after acquisitions .....		
3. Accrual of discount .....		
4. Increase (decrease) by adjustment .....	768,478	(21,759)
5. Total profit (loss) on sale .....		0
6. Amounts paid on account or in full during the period .....		
7. Amortization of premium .....		
8. Increase (decrease) by foreign exchange adjustment .....		0
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	2,805,190	2,036,712
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	2,805,190	2,036,712
12. Total nonadmitted amounts .....		
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	2,805,190	2,036,712

**SCHEDULE D - VERIFICATION**

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year .....	55,497,910	49,520,883
2. Cost of bonds and stocks acquired .....	383,831	20,227,819
3. Accrual of discount .....	(433)	329
4. Increase (decrease) by adjustment .....	1,377,917	(3,925,373)
5. Increase (decrease) by foreign exchange adjustment .....		0
6. Total profit (loss) on disposal .....		(321,236)
7. Consideration for bonds and stocks disposed of .....		10,001,703
8. Amortization of premium .....	2,001	2,809
9. Book value/adjusted carrying value, current period .....	57,257,224	55,497,910
10. Total valuation allowance .....		
11. Subtotal (Lines 9 plus 10) .....	57,257,224	55,497,910
12. Total nonadmitted amounts .....		0
13. Statement value	57,257,224	55,497,910

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1 .....	61,812,919	150,916,363	141,322,299	(2,382,170)	69,024,813	0	0	61,812,919
2. Class 2 .....	6,309,917	599,148	3,570,000	(32,863)	3,306,202	0	0	6,309,917
3. Class 3 .....	0				0	0	0	0
4. Class 4 .....	0				0	0	0	0
5. Class 5 .....	0				0	0	0	0
6. Class 6	0				0	0	0	0
7. Total Bonds	68,122,836	151,515,511	144,892,299	(2,415,033)	72,331,015	0	0	68,122,836
PREFERRED STOCK								
8. Class 1 .....	0				0	0	0	0
9. Class 2 .....	0				0	0	0	0
10. Class 3 .....	0				0	0	0	0
11. Class 4 .....	0				0	0	0	0
12. Class 5 .....	0				0	0	0	0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	68,122,836	151,515,511	144,892,299	(2,415,033)	72,331,015	0	0	68,122,836

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year-to-Date	Paid for Accrued Interest Year-to-Date
8299999 Totals	60,066,901	XXX	60,109,774	711,103	(11,114)

SCHEDULE DA - PART 2 - Verification

Short-Term Investments Owned

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year .....	55,552,511	47,975,637
2. Cost of short-term investments acquired .....	111,297,874	439,075,137
3. Increase (decrease) by adjustment .....	(2,412,600)	(31,943,001)
4. Increase (decrease) by foreign exchange adjustment .....		0
5. Total profit (loss) on disposal of short-term investments .....		0
6. Consideration received on disposal of short-term investments .....	104,370,883	399,555,262
7. Book/adjusted carrying value, current period .....	60,066,901	55,552,511
8. Total valuation allowance .....		0
9. Subtotal (Lines 7 plus 8) .....	60,066,901	55,552,511
10. Total nonadmitted amounts .....		0
11. Statement value (Lines 9 minus 10) .....	60,066,901	55,552,511
12. Income collected during period .....	699,988	2,414,188
13. Income earned during period .....	93,440	2,425,603

Schedule DB - Part F - Section 1

**N O N E**

Schedule DB - Part F - Section 2

**N O N E**

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE  
**SCHEDULE S - CEDED REINSURANCE**

Showing all new reinsurers - Current Year to Date

[illegible]

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, etc.	1	2	Direct Business Only Year To Date					
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1. Alabama .....	AL	NO						
2. Alaska .....	AK	NO						
3. Arizona .....	AZ	NO						
4. Arkansas .....	AR	NO						
5. California .....	CA	NO						
6. Colorado .....	CO	NO						
7. Connecticut .....	CT	NO						
8. Delaware .....	DE	NO						
9. District of Columbia .....	DC	NO						
10. Florida .....	FL	NO						
11. Georgia .....	GA	NO						
12. Hawaii .....	HI	NO						
13. Idaho .....	ID	NO						
14. Illinois .....	IL	NO						
15. Indiana .....	IN	NO						
16. Iowa .....	IA	NO						
17. Kansas .....	KS	NO						
18. Kentucky .....	KY	NO						
19. Louisiana .....	LA	NO						
20. Maine .....	ME	NO						
21. Maryland .....	MD	NO						
22. Massachusetts .....	MA	NO						
23. Michigan .....	MI	YES	109,880,420			5,783,981		
24. Minnesota .....	MN	NO						
25. Mississippi .....	MS	NO						
26. Missouri .....	MO	NO						
27. Montana .....	MT	NO						
28. Nebraska .....	NE	NO						
29. Nevada .....	NV	NO						
30. New Hampshire .....	NH	NO						
31. New Jersey .....	NJ	NO						
32. New Mexico .....	NM	NO						
33. New York .....	NY	NO						
34. North Carolina .....	NC	NO						
35. North Dakota .....	ND	NO						
36. Ohio .....	OH	NO						
37. Oklahoma .....	OK	NO						
38. Oregon .....	OR	NO						
39. Pennsylvania .....	PA	NO						
40. Rhode Island .....	RI	NO						
41. South Carolina .....	SC	NO						
42. South Dakota .....	SD	NO						
43. Tennessee .....	TN	NO						
44. Texas .....	TX	NO						
45. Utah .....	UT	NO						
46. Vermont .....	VT	NO						
47. Virginia .....	VA	NO						
48. Washington .....	WA	NO						
49. West Virginia .....	WV	NO						
50. Wisconsin .....	WI	NO						
51. Wyoming .....	WY	NO						
52. American Samoa .....	AS	NO						
53. Guam .....	GU	NO						
54. Puerto Rico .....	PR	NO						
55. U.S. Virgin Islands .....	VI	NO						
56. Northern Mariana Islands .....	MP	NO						
57. Canada .....	CN	NO						
58. Aggregate Other Aliens .....	OT	XXX	0	0	0	0	0	0
59. Subtotal .....	XXX	XXX	109,880,420	0	0	5,783,981	0	0
60. Reporting Entity Contributions for Employee Benefit Plans .....	XXX	XXX						
61. Totals (Direct Business) .....	XXX	(a) 1	109,880,420	0	0	5,783,981	0	0
DETAILS OF WRITE-INS								
5801. ....								
5802. ....								
5803. ....								
5898. Summary of remaining write-ins for Line 58 from overflow page .....			0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above) .....			0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

**The Regents of  
The University of Michigan  
(University of Michigan Health System)**

**M-CARE**

**M-CAID**

**Michigan Health  
Insurance Company**



**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE  
**OVERFLOW PAGE FOR WRITE-INS**

Schedule A - Part 2  
**N O N E**

Schedule A - Part 3  
**N O N E**

Schedule B - Part 1  
**N O N E**

Schedule B - Part 2  
**N O N E**

# SCHEDULE BA - PART 1

[illegible]

## SCHEDULE BA - PART 2

[illegible]

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends	NAIC Designation or Market Indicator (a)
4812A0-37-5 .....	JPM US Treasury Security Money Market .....	.....	.....01/03/2006 .....	JP Morgan Trust Company .....	.....	.....144 .....	.....144 .....	.....	.....
4812A0-37-5 .....	JPM US Treasury Security Money Market .....	.....	.....02/01/2006 .....	JP Morgan Trust Company .....	.....	.....18 .....	.....18 .....	.....	.....
4812A0-37-5 .....	JPM US Treasury Security Money Market .....	.....	.....03/01/2006 .....	JP Morgan Trust Company .....	.....	.....34 .....	.....34 .....	.....	.....
4812A0-37-5 .....	JPM US Treasury Security Money Market .....	.....	.....01/18/2006 .....	JP Morgan Trust Company .....	.....	.....7,703 .....	.....7,703 .....	.....	.....
4812A0-37-5 .....	JPM US Treasury Security Money Market .....	.....	.....02/08/2006 .....	JP Morgan Trust Company .....	.....	.....1,760 .....	.....1,760 .....	.....	.....
0399999. Bonds - U.S. Governments						9,659	9,659	0	XXX
6099997. Total - Bonds - Part 3						9,659	9,659	0	XXX
6099998. Total - Bonds - Part 5						XXX	XXX	XXX	XXX
6099999. Total - Bonds						9,659	9,659	0	XXX
6599997. Total - Preferred Stocks - Part 3						0	XXX	0	XXX
6599998. Total - Preferred Stocks - Part 5						XXX	XXX	XXX	XXX
6599999. Total - Preferred Stocks						0	XXX	0	XXX
140193-10-3 .....	American Funds CIB .....	.....	.....03/21/2006 .....	Mellon Bank .....	6,743.060	374,172			
7099999. Mutual Funds						374,172	XXX	0	XXX
7299997. Total - Common Stocks - Part 3						374,172	XXX	0	XXX
7299998. Total - Common Stocks - Part 5						XXX	XXX	XXX	XXX
7299999. Total - Common Stocks						374,172	XXX	0	XXX
7399999. Total - Preferred and Common Stocks						374,172	XXX	0	XXX
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
7499999 - Totals						383,831	XXX	0	XXX

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues .....

Schedule D - Part 4  
**N O N E**

Schedule DB - Part A - Section 1  
**N O N E**

Schedule DB - Part B - Section 1  
**N O N E**

Schedule DB - Part C - Section 1  
**N O N E**

Schedule DB - Part D - Section 1  
**N O N E**

## SCHEDULE E - PART 1 - CASH

### Month End Depository Balances

[illegible]

STATEMENT AS OF MARCH 31, 2006 OF THE MCARE

**SCHEDULE E - PART 2 - CASH EQUIVALENTS**

Show Investments Owned End of Current Quarter

[illegible]